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Report Highlights:

Post's marketing year 2021/2022 rice harvested area and production forecast is 11.42 million hectares and 35.5 million metric tons, respectively, on reduced Aus rice production. The Government of Bangladesh reduced the rice total tax incidence (equivalent to an import tariff) to 25.75 percent from August through October 2021 to encourage imports to bring down domestic rice prices. Bangladesh became the fifth largest wheat importer in the world.

RICE, MILLED

Production

Post forecasts marketing year (MY) 2021/2022 rice production at 35.5 million metric tons (MT) and harvested area at 11.42 million hectares, 2.2 percent and 2.1 percent lower, respectively, than the USDA official forecast.

Aus Season Rice

According to the Department of Agricultural Extension (DAE), *Aus* season rice was harvested in July and August and the rice area was 12.4 percent lower than DAE's targeted area goal. *Aus* season rice is rainfed and, due to the late monsoon during the planting period, many farmers were not able to plant, which resulted in lower harvested area and production this year.

Aman Season Rice

Aman season rice was planted in July and August, with harvest expected in November and December. This year, the monsoon floods started in late August and continued to the middle of September 2021. DAE officials stated that floodwater submerged standing *Aman* rice in the upper Brahmaputra basin of Kurigram, Gaibandha, Jamalpur, Bogra, and Sirajganj districts, slightly reducing production. Therefore, Post forecasts 13.6 million MT of *Aman* rice production in MY 2021/2022 (Table 1).

Boro Season Rice

The Government of Bangladesh (GoB) has not yet set the *Boro* rice cultivation target. Normally, *Boro* rice cultivation starts in December and January and is harvested in April and May.

Table 1: *Boro*, *Aus*, and *Aman* Rice Area and Production

Rice, by season	2019/20 (Estimate)		2020/21 (Estimate)		2021/22 (Forecast)	
	Area 1,000 HA	Production 1,000 MT	Area 1,000 HA	Production 1,000 MT	Area 1,000 HA	Production 1,000 MT
<i>Boro (Winter)</i>	4,850	19,400	4,700	19,300	4,700	19,350
<i>Aus (Pre-monsoon)</i>	1,100	2,450	1,200	2,700	1,120	2,550
<i>Aman (Monsoon)</i>	5,880	14,000	5,600	12,600	5,600	13,600
Total Rice	11,830	35,850	11,500	34,600	11,420	35,500

Source: Post's calculation based on DAE data

Note: *Boro* season rice was planted in December 2020- January 2021 and harvested and marketed in April-May 2021. *Boro* rice is the first rice crop in MY 2021/2022.

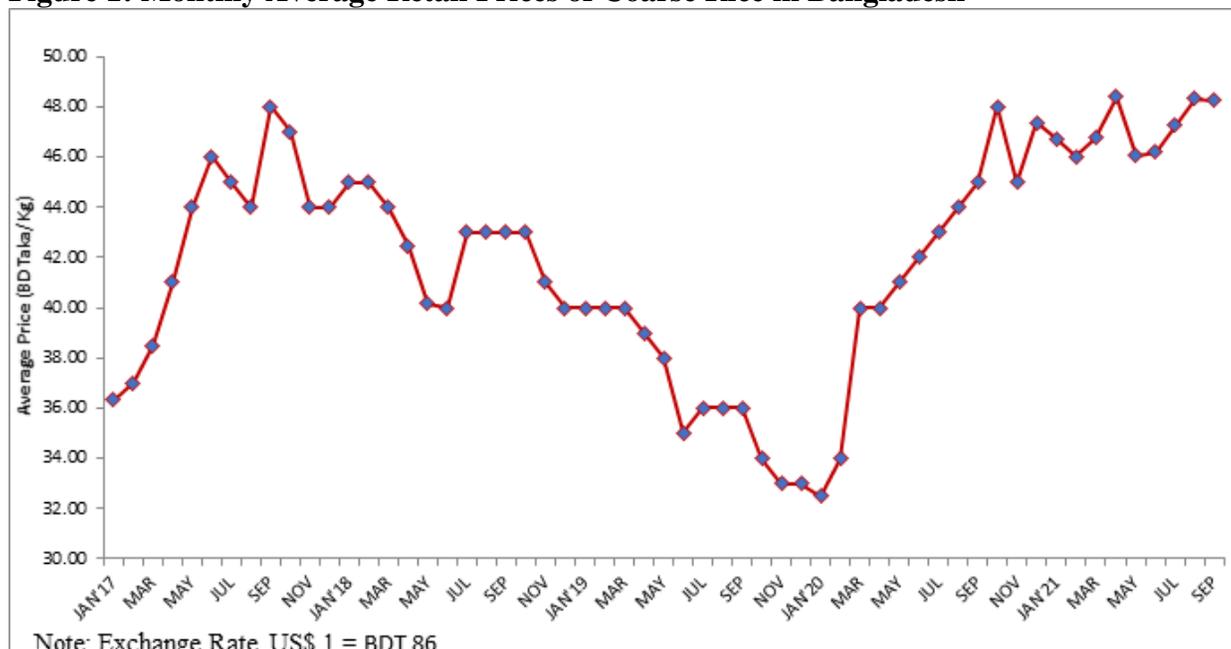
Prices

Market Prices Remain High

In October 2021, the retail price for low quality (coarse) rice was BDT 48.26 (\$0.56) per kilogram, which was 7.2 percent higher than the same period last year (Figure 1). The retail price of coarse rice has been trending up since the COVID-19 pandemic hit Bangladesh in March 2020. Crop damage due to flooding in 2020 also contributed to the price rise.

The average price of high quality (fine) rice in October 2021 was BDT 64 (\$0.74) per kilogram, compared to BDT 56 (\$0.65) per kilogram during the same period last year.

Figure 1: Monthly Average Retail Prices of Coarse Rice in Bangladesh



Source: Department of Agricultural Marketing (DAM), Ministry of Agriculture, and Trading Corporation of Bangladesh (TCB)

Trade

GoB Looks to Imports to Make Rice Affordable

Post's MY 2021/2022 rice import forecast is 1.2 million MT, which is 100,000 MT higher than the USDA official forecast. For TY 2020/2021, Post estimates rice imports at 2.5 million MT, 100,000 MT higher than the USDA official estimates.

To replenish publicly held rice stocks and reduce domestic rice prices, the GoB began announcing tenders to procure rice from international markets in November 2020. In December 2020, the GoB reduced the total tax incidence to 25.75 percent from 62.5 percent and announced it would allow rice imports into the country until April 2021 (Table 2). After April, the GoB reinstated the total tax incidence at its original level of 62.5 percent. As the domestic price of rice continued to rise, in August 2021, the GoB again reduced the total tax incidence to 25.75 percent to encourage imports and approved import permits for about 1.7 million MT of rice. The reduced total tax incidence and import permits were valid until October 30, 2021. Beginning on October 31, 2021, the GoB no longer granted rice import permits and the total tax incidence reverted back to 62.5 percent.

From August 2021 to October 19, 2021, Post estimates total imports by the public and private sectors at approximately 0.60 million MT. Therefore, Post estimates total rice imports will be 0.70 million MT from August to the end of October 2021. As the country will start harvesting *Aman* rice (the second largest rice crop after the *Boro* rice crop) from November 2021, Post expects minimal rice imports in the coming months.

Table 2: Total Tax Incidence for Imported Rice

HS Code- 10062000 -Husked (Brown) Rice	Regular Rate (%)	Reduced Rate (December 2020-April 2021) (August 2021-October 2021) (%)
Custom Duty (CD)	25	15
Supplementary Duty (SD)	0	0
Value Added Tax (VAT)	0	0
Advance Income Tax (AIT)	5	5
Regulatory Duty (RD)	25	0
Advanced Trade VAT (ATV)	5	5
Total Tax Incidence (TTI)	62.5	25.75

Source: Ministry of Commerce Bangladesh Trade Portal (<https://www.bangladeshtradeportal.gov.bd/>)

India is the Preferred Exporter

According to Trade Data Monitor, LLC (TDM), India is the leading source for imported rice. Bangladesh mostly imports two types of rice: 5 percent broken parboiled rice; and 5 percent broken white (non-parboiled) rice. For 5 percent broken parboiled rice, India and Thailand are potential source countries. In terms of prices and freight charges, Indian offers are comparatively much cheaper.

For 5 percent broken white rice (non-parboiled), Bangladeshi importers generally look to India, Thailand, Vietnam, Myanmar, and Pakistan. While India has a price advantage over Thailand and Vietnam, the price of Pakistani 5 percent broken white (non-parboiled) rice is very close to that of Indian rice; however, industry prefers Indian origin rice.

Stocks

According to the Ministry of Food, on October 18, 2021, total government-held rice stocks were 1,392 thousand MT, compared to 847 thousand MT at the same time in 2020 (Table 3).

Post forecasts ending rice stocks for MY 2021/2022 at 1,617 thousand MT, 29 percent lower than the USDA official number, due to lower-than-expected *Aus* and *Aman* rice production, continuing government distribution programs, and the possibility of minimal imports in the coming months.

Table 3: Rice Stocks in Public Granaries (thousand MT)

October 18, 2021			October 18, 2020		
Rice (000 MT)	Paddy (000 MT)	Total (000 MT)	Rice (000 MT)	Paddy (000 MT)	Total (000 MT)
1379	13	1392	822	26	847

Source: Director General of Food, Ministry of Food

Government Distribution

Bangladesh's Ministry of Food completed procurement of *Boro* rice on August 31, 2021 through its annual procurement program. The GoB set a target to collect 650 thousand MT of *Boro* paddy and 1,235 thousand MT of *Boro* rice from April 28, 2021, to August 31, 2021. The GoB procured 362 thousand MT of *Boro* paddy and 1,060 thousand MT of parboiled *Boro* rice. Through last year's *Boro* rice procurement program, the GoB procured a total of 910 thousand MT of *Boro* rice.

Public food distribution programs have traditionally been the most common social protection programs in Bangladesh and are either subsidy-based or relief-based. Open Market Sale and Fair Price (Food Friendly) are the largest subsidy-based food distribution programs, while Food for Work, Vulnerable Group Feeding, and Vulnerable Group Development are common relief-based programs.

According to the Ministry of Food, for GoB fiscal year (FY) 2020/2021 (July-June), the GoB distributed 1.72 million MT of rice under its distribution programs, down 18 percent from FY 2019/2020. As of October 14, 2021, the GoB has distributed 755 thousand MT of rice in its current FY.

Table 4: Bangladesh's Production, Supply, and Distribution of Rice

Rice, Milled Market Year Begins	2019/2020		2020/2021		2021/2022	
	May 2019		May 2020		May 2021	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11830	11830	11500	11500	11675	11420
Beginning Stocks (1000 MT)	1405	1405	1571	1571	1537	1529
Milled Production (1000 MT)	35850	35850	34600	34600	36250	35500
Rough Production (1000 MT)	53780	53780	51905	51905	54380	53255
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	20	20	1370	1370	1100	1200
TY Imports (1000 MT)	20	20	2400	2500	600	600
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	37275	37275	37541	37541	38887	38229
MY Exports (1000 MT)	4	4	4	12	4	12
TY Exports (1000 MT)	4	4	4	12	4	12
Consumption and Residual (1000 MT)	35700	35700	36000	36000	36600	36600
Ending Stocks (1000 MT)	1571	1571	1537	1529	2283	1617
Total Distribution (1000 MT)	37275	37275	37541	37541	38887	38229
Yield (Rough) (MT/HA)	4.5461	4.5461	4.5135	4.5135	4.6578	4.6633

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

WHEAT

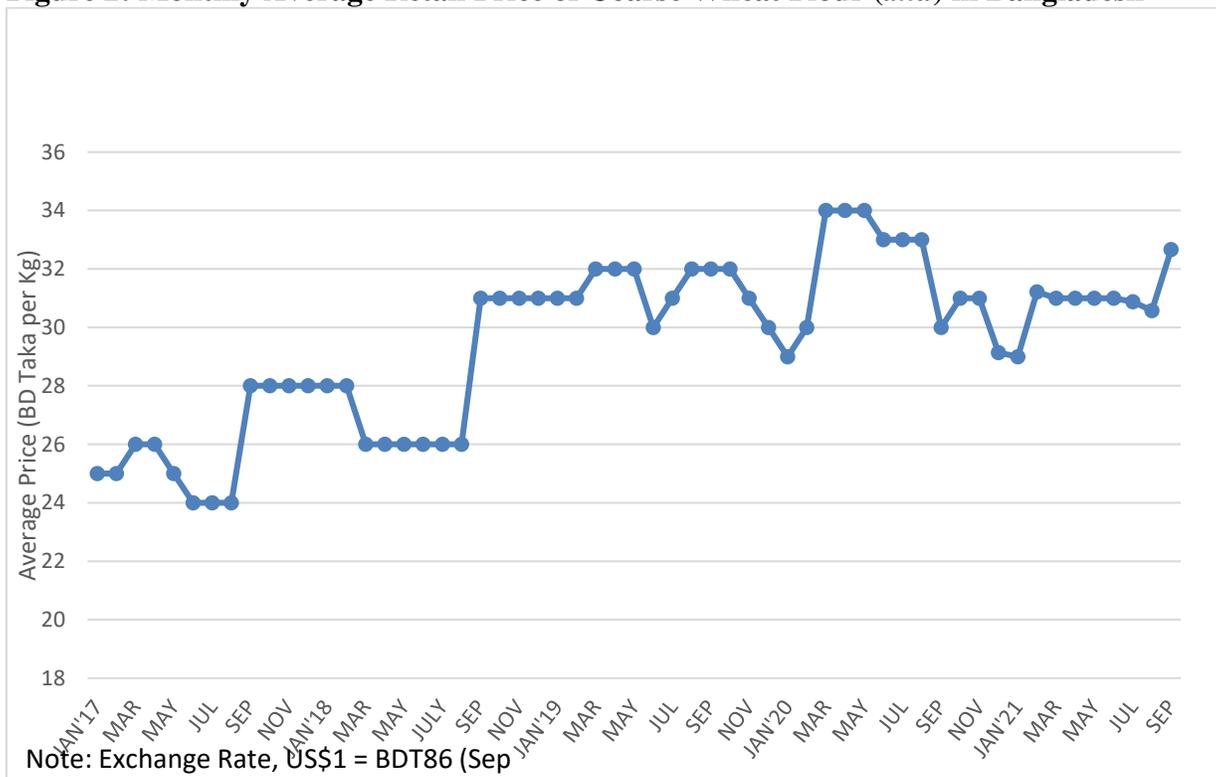
Production

In Bangladesh, wheat planting occurs in November and December, with harvesting in March and April. For MY 2021/2022, Post forecasts harvested area at 320 thousand hectares and production at 1.13 million MT. Wheat area and production is gradually decreasing as farmers convert their land to cultivate alternative crops that provide higher economic returns such as potato, vegetables, and *Boro* rice.

Prices

In September 2021, Post estimated the retail price of wheat flour (also called *atta*) at BDT 32.67 (\$ 0.38) per kilogram, which is approximately 9 percent higher than prices in September of last year (Figure 2).

Figure 2: Monthly Average Retail Price of Coarse Wheat Flour (*atta*) in Bangladesh



Source: TCB

Retail and wholesale prices of wheat in August 2021 were BDT 27.2 (\$0.32) per kilogram and BDT 25.3 (\$0.29) per kilogram, respectively, with prices remaining steady from January 2021 to August 2021. (Figure 3).

Figure 3: Monthly Average Retail and Wholesale Price of Wheat in Bangladesh



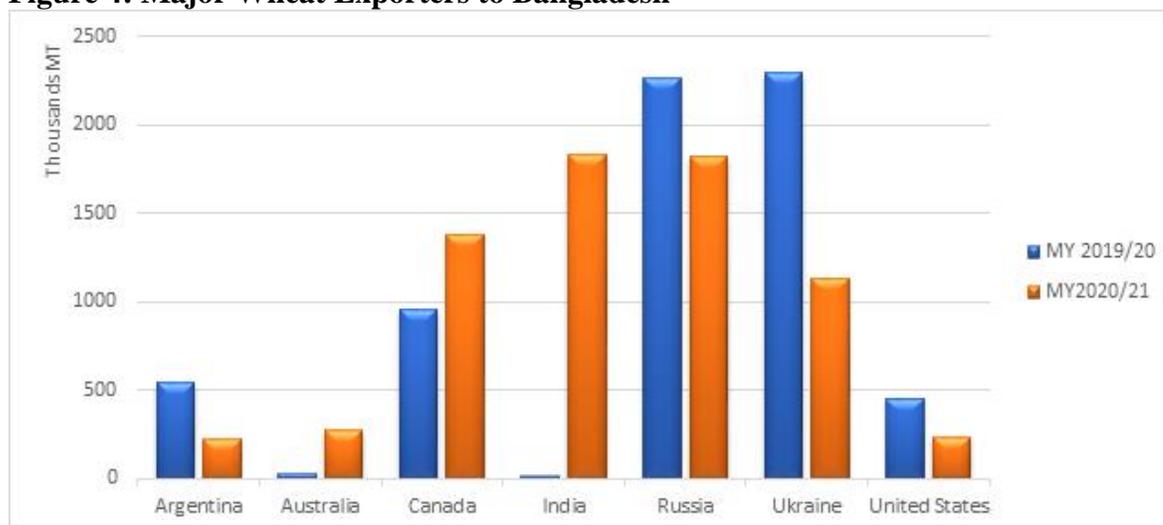
Source: DAM

Trade

Bangladesh is now the fifth largest wheat importer after Egypt, Indonesia, Algeria, and Brazil. For MY 2021/2022, Post forecasts wheat imports at 7.3 million MT, 100,000 MT lower than the USDA official forecast. According to Ministry of Food official statistics, from July 2020 to June 2021, wheat imports were 5.8 million MT, approximately 19.5 percent lower than the USDA official estimate.

India has become one of the favored origins for wheat imports due to its price advantage and low freight costs. Indian wheat imports can be delivered in bulk to Bangladesh via road and rail routes. Bangladesh also sources wheat from Australia, Canada, Russia, Ukraine, and the United States (Figure 4).

Figure 4: Major Wheat Exporters to Bangladesh



Source: TDM

Government to Government (G2G) Purchase of Wheat

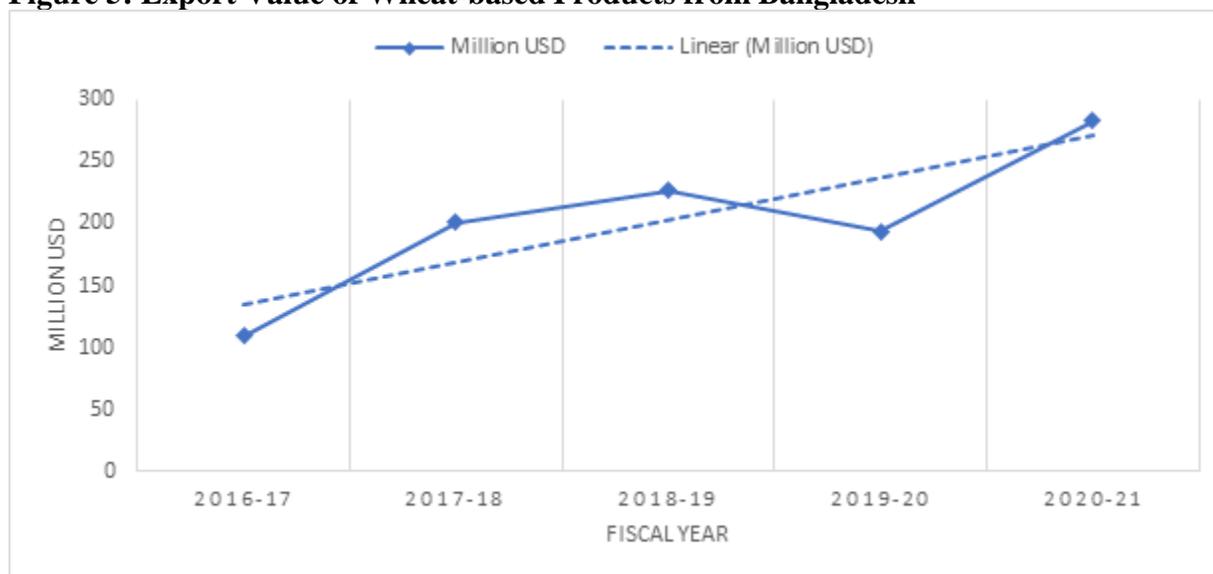
On September 29, 2021, the GoB decided, in principle, to procure 100,000 MT of wheat from Russia on a G2G basis under the Direct Procurement Method (DPM) to meet the growing demand for wheat, with the price of wheat being determined at a further discussion. The GoB announced plans to buy a total 0.5 million MT of wheat from the international market during FY 2021/2022, to carry out its food distribution program.

According to the Ministry of Food, Bangladesh distributed 498 thousand MT of wheat in FY 2020/2021, up 2 percent over FY 2019/2020. As of October 14, 2021, the GoB has distributed 183 thousand MT of wheat under its food distribution program in the current FY.

Wheat-based Product Exports Continue to Grow

While Bangladesh is importing wheat primarily for domestic consumption, a small amount is used to produce wheat-based products for export. According to the Export Promotion Bureau of Bangladesh, the export value of wheat-based products in FY 2020/2021 was approximately \$283 million, an increase of about 160 percent over FY 2016/2017 (Figure 5). Common wheat-based products exported from Bangladesh include bread, pastry, cakes, sweet biscuits, roasted cereals, and pasta. Note that, according to the [GoB's Export Policy 2015-2018](#), wheat exports are prohibited.

Figure 5: Export Value of Wheat-based Products from Bangladesh



Source: Export Promotion Bureau of Bangladesh

Consumption

Post has observed that demand for wheat has been trending upward over the last decade due to changing food habits and increased exports of wheat-based goods. For MY 2021/2022 Post forecasts total consumption at 8.45 million MT, which is almost 6 percent higher than the MY 2020/2021 USDA official estimate.

Stocks

As of October 18, 2021, the Ministry of Food estimated the GoB's wheat stocks at 120,000 MT, up 5 percent from the same period last year.

Table 5: Bangladesh's Production, Supply, and Distribution of Wheat

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Bangladesh						
Area Harvested (1000 HA)	340	340	335	335	320	320
Beginning Stocks (1000 MT)	1258	1258	1758	1758	2138	2238
Production (1000 MT)	1200	1200	1180	1180	1130	1130
MY Imports (1000 MT)	6800	6800	7200	7200	7400	7300
TY Imports (1000 MT)	6800	6800	7200	7200	7400	7300
TY Imp. from U.S. (1000 MT)	450	450	235	235	0	0
Total Supply (1000 MT)	9258	9258	10138	10138	10668	10668
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	300	300	500	400	600	600
FSI Consumption (1000 MT)	7200	7200	7500	7500	7850	7850
Total Consumption (1000 MT)	7500	7500	8000	7900	8450	8450
Ending Stocks (1000 MT)	1758	1758	2138	2238	2218	2218
Total Distribution (1000 MT)	9258	9258	10138	10138	10668	10668
Yield (MT/HA)	3.5294	3.5294	3.5224	3.5224	3.5313	3.5313
(1000 HA), (1000 MT), (MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022						

CORN

Production

Corn is the second largest grain crop in Bangladesh after rice. It is grown in both the summer and winter seasons, with approximately 85 percent of total corn produced in the winter.

Post's corn production forecast for MY 2021/2022 is 5.2 million MT, up by over 10 percent from the MY 2020/2021 USDA official number. Post also forecasts the harvested area for MY 2021/2022 up to 575 thousand hectares. Local agricultural extension offices stated that farmers are increasing corn cultivation to meet the growing demand for corn from Bangladesh's feed industry. Farmers report that corn is the favored alternative to rice during the dry winter season, especially for farmers in dry and water scarce areas.

Prices

Domestic Prices of Corn Are Still Rising

As of September 2021, the retail and wholesale prices of corn were BDT 27.45 (\$0.32) and BDT 24.01 (\$0.28) per kilogram, respectively, up 18.7 percent and 14.3 percent compared to the same time last year (Figure 6). Corn prices are at their highest levels in the last five years due to the domestic market demand from the feed and starch sector.

Figure 6: Monthly Average Retail and Wholesale Corn Prices



Source: DAM

Trade

Imports Are Soaring

Post forecasts MY 2021/2022 corn imports at 2.5 million MT and estimates MY 2020/2021 corn imports at 2.4 million MT, the same as the USDA official numbers. According to industry sources, the total annual demand for corn in Bangladesh is approximately 7 to 8 million MT, while domestic production is only 5.2 million MT.

Exports Have Stopped

For MY 2021/2022 Post forecasts that Bangladesh will not export any corn due to high domestic demand. Post also estimated no corn exports in MY 2020/2021.

Bangladesh exported corn for the first time in MY 2019/2020 to Nepal. According to the Export Promotion Bureau of Bangladesh, in FY 2019/2020, total exports were approximately 80 thousand MT.

Consumption

Consumption Continues to Grow

The demand for corn by the feed industry has been increasing every year. According to the Feed Industry Association of Bangladesh, total annual feed demand is approximately 8.0 million MT. Poultry farms are the largest feed consumers in Bangladesh, and corn accounts for 50 to 60 percent of the raw materials of poultry feed.

Corn is also used for human food and starch production. For MY 2021/2022 Post forecasts total corn consumption at 7.5 million MT, slightly lower than the USDA official number, on lower feed consumption.

Table 6: Bangladesh's Production, Supply, and Distribution of Corn

Corn Market Year Begins	2019/2020		2020/2021		2021/2022	
	May 2019		May 2020		May 2021	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	510	510	540	550	575	575
Beginning Stocks (1000 MT)	122	122	140	210	640	910
Production (1000 MT)	4100	4100	4700	4700	5200	5200
MY Imports (1000 MT)	1368	1368	2400	2400	2500	2500
TY Imports (1000 MT)	2003	2003	2550	2550	2500	2500
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	5590	5590	7240	7310	8340	8610
MY Exports (1000 MT)	150	80	200	0	200	0
TY Exports (1000 MT)	150	80	200	0	200	0
Feed and Residual (1000 MT)	5000	5000	6000	6000	7100	7000
FSI Consumption (1000 MT)	300	300	400	400	500	500
Total Consumption (1000 MT)	5300	5300	6400	6400	7600	7500
Ending Stocks (1000 MT)	140	210	640	910	540	1110
Total Distribution (1000 MT)	5590	5590	7240	7310	8340	8610
Yield (MT/HA)	8.0392	8.0392	8.7037	8.5455	9.0435	9.0435

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Attachments:

No Attachments